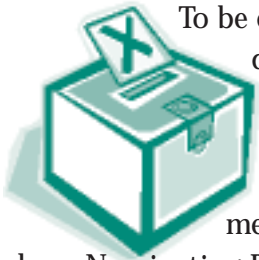




## THE SERS ELECTION IS COMING!

Would you be interested in serving on the SERS Board of Trustees to help oversee the operations of your retirement system? Every five years we hold an election for a retired SERS member to serve a five-year term on the seven-member board.



To be eligible for candidacy, the retiree must be retired for one full year and file a Statement of Candidacy and have Nominating Petitions signed by at least 100 retired SERS members. (For more information about the election, see the Timeline below.)

On May 1, 2006, ballots will be mailed to all qualified SERS retirees. These ballots must be sealed in the envelope provided and received in our office by May 30 to be counted.

The SERS Board of Trustees meets four times a year to review disputed benefits, reviews and approves the

annual operating budget, approves legislative initiatives, and administers policies & procedures.

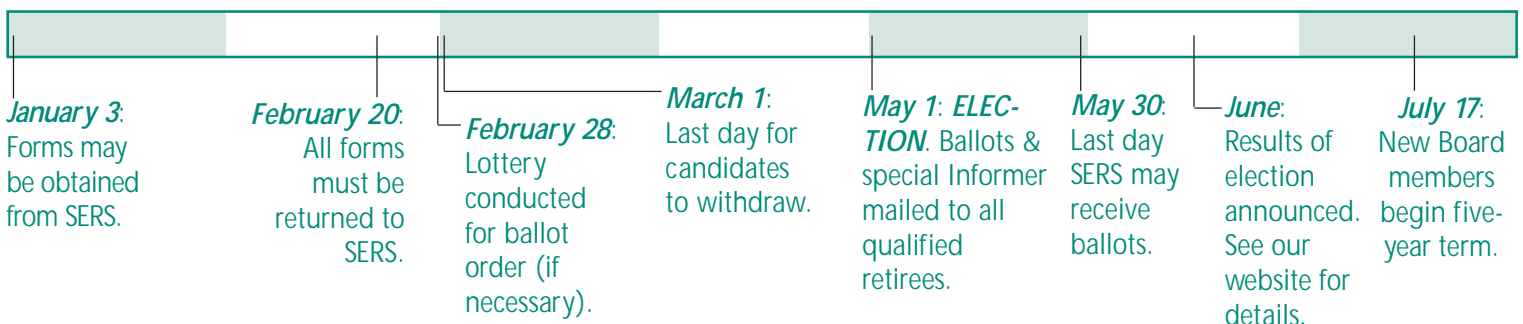
Some trustees serve on the Board because of their position in State government. Others are appointed by the Governor because of their particular expertise.

We encourage all SERS retirees to participate in this election, since we all have a personal interest in the finances and benefits of SERS. If you're interested in running for the Board position, contact our offices in Springfield (217-785-7017) or Chicago (312-814-5853).

### WHO IS ON OUR BOARD OF TRUSTEES?

- 1** Public member appointed by the Governor to serve as chairman
- 1** Active member appointed by the Governor
- 1** Annuitant appointed by the Governor
- 1** Elected active SERS member
- 1** Elected SERS annuitant
- 2** Ex-officio members: the Director of the Governor's Office of Management & Budget, and the Illinois Comptroller

## 2006 ELECTION TIMELINE



# Optional Life Insurance Program

**Remember, if you want to participate in the NCPERS Life Insurance program, you must return the deduction card and beneficiary designations to our office by January 31, 2006. The NCPERS program is a one-time choice for SERS retirees that will not be offered again! For specific answers to your questions, call 1-800-525-8056.**

The State Employees' Retirement System mailed information to all of its retirees about the National Conference of Public Employee Retirement Systems (NCPERS) voluntary optional term life insurance program. NCPERS currently serves the needs of over 78,000 state retirement system members nationwide.

This life insurance plan is designed to supplement other life insurance you may have through the State of Illinois or purchased on your own. It is a level premium-decreasing term life plan at a cost of \$16.00 per month regardless of your age. Your eligible dependents are also included in the premium amount.

You don't need to answer any health questions or take a medical exam if you enroll during this one-

time enrollment period. Coverage is effective on the first day of the month following your retirement benefit deduction.

This plan provides a good way to help cover incidental expenses associated with death; like those for burial, medical, and debt. Other life insurance coverages can then be used to maintain your family's lifestyle.

Submit your completed enrollment and beneficiary forms to SERS. We will begin deductions from your retirement benefit and forward your beneficiary information to American Administrative Group, Inc.

***The program is totally voluntary and is being offered to SERS retirees ONE-TIME! Your election must be made by January 31, 2006.***

***The total cost of coverage for the member, their spouse and eligible children is \$16 per month. Payment is made by payroll deduction.***

***Unmarried children age 14 but less than 21 years old are covered, including adopted children, stepchildren, and foster children who depend on you for support. Dependents in military service are not eligible.***

MEMBER				DEPENDENT	
Member's Age at Time of Claim	Group Term Life Insurance	Group Accidental Death & Dismember. Insurance	Total Benefit For Accidental Death	Group Term Life Insurance Spouse	Child(ren)
45 - 49	\$40,000	\$100,000	\$140,000	\$15,000	\$4,000
50 - 54	\$30,000	\$100,000	\$130,000	\$10,000	\$4,000
55 - 59	\$18,000	\$100,000	\$118,000	\$7,000	\$4,000
60 - 64	\$12,000	\$100,000	\$112,000	\$5,000	\$4,000
65 - 69	\$7,000	\$7,000	\$14,000	\$4,000	\$4,000
70 - 74	\$6,000	\$6,000	\$12,000	\$3,000	\$4,000
75 - 79	\$5,000	\$5,000	\$10,000	\$2,000	\$4,000
80 - 84	\$4,000	\$4,000	\$8,000	\$2,000	\$4,000
85+	\$3,000	\$3,000	\$6,000	\$2,000	\$4,000

**Statements of Plan Net Assets**  
**June 30, 2005 and 2004**  
(Unaudited)

	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Cash	\$ 204,525,471	\$ 66,642,027
Receivables	36,938,006	85,035,275
Investments (at fair value)	10,271,356,795	9,840,077,880
Equipment (net of acc. depr.)	3,071,449	3,152,081
<b>Total Assets</b>	<b>\$ 10,515,891,721</b>	<b>\$ 9,994,907,263</b>
<b>Total Liabilities</b>	<b>\$ (21,743,768)</b>	<b>\$ (4,720,389)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 10,494,147,953</b>	<b>\$ 9,990,186,874</b>

**Statements of Changes in Plan Net Assets**  
**June 30, 2005 and 2004**  
(Unaudited)

	<b>2005</b>	<b>2004</b>
<b>REVENUES</b>		
Contributions:		
Members	\$ 209,334,207	\$ 199,826,465
Employer	427,434,612	1,864,673,411
<b>Total Contributions</b>	<b>\$ 636,768,819</b>	<b>\$ 2,064,499,876</b>
<b>Investment Income</b>	<b>\$ 953,579,253</b>	<b>\$ 1,421,912,540</b>
<b>TOTAL REVENUES</b>	<b>\$ 1,590,348,072</b>	<b>\$ 3,486,412,416</b>
<b>EXPENSES</b>		
Benefits	\$ 1,063,970,423	\$ 978,201,010
Refunds (including transfers)	14,105,301	12,442,600
Administrative	8,311,269	7,693,348
<b>TOTAL EXPENSES</b>	<b>\$ 1,086,386,993</b>	<b>\$ 998,336,958</b>
<b>Net Increase/(Decrease)</b>	<b>\$ 503,961,079</b>	<b>\$ 2,488,075,458</b>
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	9,990,186,874	7,502,111,416
<b>End of Year</b>	<b>\$ 10,494,147,953</b>	<b>\$ 9,990,186,874</b>

## FY05 Tally

### OPERATIONS

Member contributions in FY05 rose moderately (4.7%) from the FY04 amount, in line with the general increase in wages subject to retirement, and an increase in optional service purchases.

Employer contributions in FY04 were \$1.864 billion, including \$1.386 billion in proceeds from the sale of General Obligation bonds by the State of Illinois. Without these bond proceeds, the FY04 employer contributions were \$478 million, compared to the FY05 employer contribution amount of \$427 million. This decline is due to the employer payroll contribution rate decreasing from 13.439% in FY04 to 12.248% in FY05 (excluding the bond repayment contribution percentage).

Benefit payments increased 8.8% from FY04 to FY05. This was due to a scheduled 3% increase in most benefit payments and an increase in the number of retirees/survivors. The increase also reflects the new Alternate Retirement Cancellation Program in FY05.

### INVESTMENTS

By state law, SERS' investment function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and General Assembly Retirement Systems. All investments are accounted for in a commingled ISBI fund. In FY05, investment income continued to reflect the positive direction of the markets.

### FUNDING

The most recent actuarial valuation shows the total SERS actuarial liability was \$19.3 billion. The amount of liabilities exceeded net assets by \$8.8 billion on June 30, 2005, compared to an excess of \$8.5 billion on June 30, 2004. The funded status of SERS on June 30, 2005 increased to 54.4% from 54.2% on June 30, 2004.

**Circle the 2006 MRR Workshop That You Would Like to Attend**

*Please disregard the numbers in parentheses. They are for internal office use.*

Jan. 10 <b>C L O S E D</b> Springfield (01)	Jun. 27 Marion (07)
Jan. 26 Bloomington (89)	Jul. 25 Springfield (01)
Feb. 2 <b>C L O S E D</b> Chicago (02)	Jul. 27 East Peoria (82)
Feb. 7 Springfield (01)	Aug. 3 Taylorville (27)
Feb. 28 S. Jacksonville (39)	Aug. 15 Collinsville (15)
Mar. 1 Springfield (01)	Aug. 23 Rockford (90)
Mar. 9 Rock Falls (66)	Aug. 29 Springfield (01)
Mar. 15 Tinley Park (95)	Aug. 31 Chicago (02)
Mar. 21 Carbondale (06)	Sep. 14 Effingham (67)
Mar. 28 Springfield (01)	Sep. 19 Macomb (29)
Apr. 5 Glen Ellyn (71)	Sep. 27 Mt. Vernon (32)
Apr. 13 <b>C L O S E D</b> Oakview Heights (18)	Oct. 13 Galesburg (23)
Apr. 20 Joliet (47)	Oct. 18 Moline (46)
Apr. 25 Springfield (01)	Oct. 25 <b>C L O S E D</b> Schamburg (77)
May 9 Quincy (36)	Oct. 31 Chicago (02)
May 11 Chicago (02)	Nov. 1 Rockford (90)
May 18 Utica (30)	Nov. 8 Joliet (47)
May 23 Mt. Vernon (32)	Nov. 16 Bourbonnais (25)
Jun. 1 Urbana (34)	Nov. 21 Peoria (13)
Jun. 15 Normal (33)	Nov. 29 Chicago (02)
Jun. 20 Tinley Park (95)	

*SERS offers the Myths and Realities of Retirement (MRR) workshop to retirees, survivors, disability benefit recipients and their guests.*

*The MRR is a free, one-day workshop examining financial scams, the effects of inflation, estate planning, group insurance, and health & leisure. Most participants find this workshop worthwhile and informative.*

*If you would like to attend an MRR workshop, complete the application and return it to us. After you are registered, we will confirm your enrollment by letting you know the exact workshop location.*

Name \_\_\_\_\_

Social Security Number \_\_\_\_\_

Are You Bringing a Guest? \_\_\_\_\_

**Return This Form To:**

State Retirement Systems, Field Services Division  
2101 S. Veterans Parkway, P. O. Box 19255  
Springfield, IL 62794-9255  
217-785-6979 Fax: 217-785-7019

